No nation has greater resources than ours, and I think it can be truthfully said that the citizens of no nation possess greater energy and industrial ability. In no nation are the fundamental business conditions sounder than in ours at this very moment; and it is foolish, when such is the case, for people to hoard money instead of keeping it in sound banks; for it is such hoarding that is the immediate occasion of money stringency. Moreover, as a rule, the business of our people is conducted with honesty and probity, and this applies allke to farms and factories, to railroads and banks, to all our legitimate commercial enterprises.

In the effort to punish the guilty it is both wise and proper to endeavor so far as possible to minimize the distress of those who have been misled by the guilty. Yet it is not possible to refrain because of such distress from striving to put an end to the misdeeds that are the ultimate causes of the suffering, and, as a means to this end, where possible to punish those responsible for them. There may be honest differences of

suffering, and, as a means to this end, where possible to punish those responsible for them. There may be honest differences of opinion as to many Governmental policies; but surely there can be no such differences as to the need of unfiltching perseverance in the war against successful dishonesty.

INTERSTATE COMMERCE.

No small part of the trouble that we have comes from carrying to an extreme the National virtue of self-reliance, of independence in initiative and action. It is wise to conserve this virtue and to provide for its fullest exercise, compatible with seeing that liberty does not become a liberty to wrong others. Unfortunately, this is the kind of liberty that the lack of all effective regulation inevitably breeds. The founders of the Constitution provided that the National Government should have complete and sole control of interstate commerce. There was then practically no interstate business saive such as was conducted by water, and this the National Government at once proceeded to regulate in thoroughgoing and effective fashion. Conditions have now so wholly changed that the interstate commerce by water is insignificant compared with the amount that goes by land, and aimost all big business concerns are now engaged in interstate commerce. As a result, it can be but partially and imperfectly controlled or regulated by the action of any one of the several states; such action inevitably tending to be either too drantic or else too lax, and in either case ineffective for purposes of Justice. Only the National Government can in thoroughgoing fashion exercise the needed control. This does not mean that there should be any extension of Federal activity. This is not advocating centralization. It is merely looking facts in the face, and realizing that centralization in business has already commended and the public at large can only protect itself from certain evil effects of this business centralization by providing better methods for the exercise of control through the authority already centralization lit is merely looking facts in the face, and realizing that centralization will be an extension of Federal activity. This is not advocating centralization will be an extension of Federal activity. This is not advocating centralization will be an extension of the exercise of control through the author INTERSTATE COMMERCE.

PURE FOOD LAW.

PURE FOOD LAW.

Incidentally, in the passage of the purefood law the action of the various state
food and dairy commissioners showed in
striking fashion how much good for the
whole people results from the hearty cooperation of the Federal and state officials
in securing a given reform. It is primarily
to the action of these state commissioners
that we-owe the enactment of this law;
for they aroused the people, first to demand
the enactment and enforcement of state
laws on the subject, and then the enactment of the Federal law, without which
the state laws were largely ineffective.
There must be the closest co-operation be-

CURRENCY.

In my message to Congress a year ago I spoke as follows on the currency:

I especially call your attention to the condition of our currency laws. The National bank act has ably served a great purpose in aiding the enormous business development of the country, and within ten years there has been an increase in circulation per capita from \$21.41 to \$33.08. For several years evidence has been accumulating that additional legislation is needed. The recurrence of each crop season emphasizes the defects of the present laws. There must soon he a revision of them, because to leave them as they are means to incur liability of business disaster. Since your body adjourned there has been a fluctuation in the interest on call money from 2 per cant to 30 per cent, and disaster. Since your body adjourned there has been a fluctuation in the interest on call money from 2 per cent to 30 per cent, and the fluctuation was even greater during the preceding six months. The Secretary of the Treasury had to step in and by wise action put a stop to the most violent period of oscillation. Even worse than such fluctuation is the advance in commercial rates and the uncertainty felt in the suffiency of credit even at high rates. All commercial interests suffer during each crop period. Excessive rates for call money in New York attract money from the interior banks into the speculative field. This depletes the fund that would otherwise be available for commercial uses, and commercial borrowers are forced to pay abnormal rates, so that each Fall tax, in the shape of increased interest charges, is placed on the whole commerce of the country.

tax, in the shape of increased interest charges, is placed on the whole commerce of the country.

The mere statement of these facts shows that our present system is seriously defective. There is need of a change. Unfortunately, however, many of the proposed changes must be ruled from consideration because they are compilicated, are not easy of comprehension and tend to disturb existing rights and interests. We must also rule out any plan which would materially impair the value of the United States 2-per cent bonds now pledged to secure circulation, the issue of which was made under conditions peculiarly creditable to the Treasury. I do not press any especial plan. Various plans have recently been proposed by expert committees of bankers. Among the plans which are possibly reasible and which certainly should receive your consideration is that repeatedly brought to your attention by the present Secretary of the Treasury, the exceptial features of which have been approved by many prominent bankers and business men. According to this plan National banks should be permitted to issue a specified proportion of their capital in notes of a given kind, the issue to be taxed at so high a rate as to drive the notes back when not wanted in legitimate trade. This plan would not permit the issue of currency to give banks additional profits, but to meet the emergency presented by times of stringency.

Need for Immediate Action.

mines men According to this plan National banks should be permitted to issue a specified proportion of their capital in notes of a given kind, the issue to be taxed at so high a rate as to drive the notes back when not wanted in legitimate trade. This plan would not permit the issue of currency in give banks additional profits, but to meet the emergency presented by times of stringency.

Need for Immediate Action.

I again urge on the Congress the need of immediate attention to this matter. We need a greater elasticity in our currency; provided, of course, that we recognize the even greater need of a safe and secure currency. There must always be the most rigid examination by the National authorities. Provision should be made for an emergency currency. The emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government such emergency issue must be based on adequate securities approved by the Government should be the example in this respect.

Compalsory investigation of Industrial Disputes.

Strikes and lockouts, with their attendant loss and surfering continue to increase, For the five years ending December 31, 1905, the number of strikes was greater than those in any previous ten years and was double the surfect of columbia and the Territories.

The Columbia and the Territories.

This country is definitely committed to

President's Communication

Sometive Document.

In the protective system and any enort to dustrial disaster. In other words, the principle of the present tariff law could not with wisdom be changed. But in a country of wind that every dozen years or so the tariff law should be carefily scrutinised so as to see that no excessive or improper benefits are conferred thereby, that proper revenue is provided and that our foreign trade is encouraged. There must always be as a minimum a tariff which will not only allow for the collection of an ample revenue but which will at least make good the difference in cost of production here and abroad; that is, the difference in the labor cost here and abroad, for the well-being of the wage-worker must ever be a cardinal point of American policy. The question should be approached purely from a business standpoint; both the time and the manner of the change being such as to arouse the minimum of agitation and disturbance in the business world, and to give the least play for selfish and factional motives. The sole consideration should be to see that the sum total of changes represents the public good. This means that the subject cannot with wisdom be dealt with in the year preceding a Presidential election, because as a matter of fact experience has conclusively shown that at such a time it is impossible to get men to treat it from the standpoint of the public good. In my judgment the wise time to deal with the matter is immediately after such election.

INCOME AND INHERITANCE TAX.

When our tax laws are revised the question

such election.

INCOME AND INHERITANCE TAX.

When our tax laws are revised the question of an income tax and an inheritance tax should receive the careful attention of our legislators. In my judgment both of these taxes should be part of our system of Federal taxation. I speak diffidently about the income tax because one scheme for an income tax and an inheritance tax should be part of our system of Federal taxation. I speak diffidently about the income tax because one scheme for an income tax was declared unconstitutional by the Supreme Court; while in addition it is a difficult tax to administer in its practical working, and great care would have to be exercised to see that it was not evaded by the very men whom it was most desirable to have taxed, for if so evaded it would, of course, he worse than no tax at all; as the least desirable of all taxes is the tax which bears heavily upon the honest as compared with the dishonest man. Nevertheless, a graduated income tax of the proper type would be a desirable feature of Federal taxation, and it is to be hoped that one may be devised which the Supreme Court will declare constitutional. The inheritance tax, however, is both a far better method of taxation and far more important for the purpose of having the fortunes of the country bear in proportion to their increase in size a corresponding increase and burden of taxation. The Government has the absolute right to decide as to the terms upon which a man shall receive a hequest or devise from another, and this point in the devolution of property is especially appropriate for the imposition of a tax. Laws imposing such taxes have repeatedly been placed upon the National statute books and as repeatedly declared constitutional by the courts; and these laws contained the progressive principle, that is, after a certain amount is reached the bequest or gift; in life or death, is increasingly burdened and the rate of taxition is increased in proportion to the remoteness of blood of the man receiving the bequest.

ENFORCEME

state laws are concerned. I refrain from discussion of this question as I am informed that it will soon receive the consideration of the Supreme Court.

QUESTIONS AFFECTING LABOR.

of the Supreme Court.

QUESTIONS AFFECTING LABOR.

The National Government should be a model employer. It should demand the highest quality of services from each of its amployes and it should care for all of them properly in return. Congress should adopt legislation providing limited but definite compensation for accidents to all workmen within the scope of the Federal power including employes of navy-yards and arsenals. In other words, a model employers Hability act, far-reaching and thoroughgoing, should be enacted which should apply to all positions, public and private, over which the National Government has jurisdiction. The number of accidents to wage-workers, including those that are preventable and those that are not, has become appalling in the mechanical, manufacturing, and transportation operations of the day. It works grim hardship to the ordinary wage-worker and his family to have the effect of such an accident fall solely upon him: and, on the other hand, there are whole classes of attorneys who exist only by incling men who may or may not have been wronged to undertake suits for negligence.

As a matter of fact a suit for negligence is generally an inadequate remedy for the person injured, while it often causes altogether disproportionate annoyance to the employer. The law should be made such that the payment for accidents by the employer would be automatic instead of being a matter for lawaitts. Workmen should receive certain and definite compensation for all accidents in industry irrespective of negligence. The employer is the agent of the public and on his own responsibility and for his own profit he serves the public when he starts in motion agencies which works and the risk he thus at the moment assumes* will ultimately be assumed, as it ought to be, by the general public. Only in this way can the shock of the accident be diffused, instead of falling upon the main or woman least able to bear it, as is now the case. The community at large should share the burdens as well as the benefits of ind

see gradesite system and any should be seen to continue the second of the continue of the cont

fore suggest to the Congress the advisability of a National system of inspection and grading of grain entering into interstate and foreign commerce as a remedy for the present evils.

RECLAMATION WORK.

Irrigation should be far more extensively developed than at present, not only in the states of the great plains and the Rocky Mountains, but in many others, as, for instance, 'n large portions of the South Atlantic and Gulf States, where it should go hand in hand with the reclamation of swamp land. The Federal Government should seriously devote itself to this task, realizing that utilization of waterways and waterpower, forestry, irrigation and the reclamation of lands threatened with overflow, are all interdependent parts of the same problem. The work of the Reclamation Service in developing the larger opportunities of the western half of our country for irrigation is more important than almost any other movement. The constant purpose of the Government in connection with the Reclamation Service has been to use the water resources of the public lands for the ultimate greatest good of the greatest number: in other words, to put upon the land permanent home-makers, to use and develop it for themselves and for their chidren and children's children. There has been, of course, opposition to this work; opposition from some interested men who desire to exhaust the land for their own immediate profit without regard to the welfare of the next generation, and opposition from honest and well-meaning men who did not fully understand the subject or who did not look far enough ahead. This opposition is, I think, dying away, and our people are understanding that it would be utterly wrong to allow a few individuals to exhaust for their own temporary personal profit the resources which ought to be developed through use so as to be conserved for the permanent common advantage of the people as a whole.

PUBLIC LANDS.

The effort of the Government to deal with the public land has been based upon the same principle as that of the Re

the public lands by putting it to its best use.

Especial attention was called to the prevention of settlement by the passage of great areas of public land into the hands of a few men, and to the enormous waste caused by unrestricted grazing upon 'be open range. The recommendations of the Public Lands Commission are sound, for they are especially in the interest of the actual home-maker; and where the small home-maker cannot at present utilize the land they provide that the Government shall keep control of it so that it may not be monopolized by a few men. The Congress has not yet acted upon these recommendations; but they are so just and proper, so essential to our National welfare, that I feel confident, if the Congress will take time to consider them, that they will ultimately be adopted.

FORESTS.

Optimism is a good characteristic, but if

Army, and Jackson Smith. Commissioners, and the control of the works, and the control of the con

And the second politheaus of the common facilities are proposed to the common facilities and the common facilities are proposed to the common facilities and the common facilities are proposed to the common facilities and the common facilities are proposed to the common facilities and the common faciliti